



# *2003 Worldwide Contracting Training Conference*



## Services Panel The Industry Perspective

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# INCENTIVIZING CONTRACTORS - INDUSTRY PERSPECTIVE

## AWARD FEES

- **USE MORE AWARD FEES**
- **INCLUDE INTERIM PAYMENTS**
- **GOVERNMENT SHOULD SET REASONABLE AF FLOOR (8-15%)**
  - KEY MOTIVATOR
  - GIVES CONTRACTOR REASONABLE RETURN
- **SET AF PLAN CRITERIA TO ALLOW ROOM FOR IMPROVEMENT**
- **CONSIDER MORE BASE FEES**
  - ATTRACTS MORE SMALL BUSINESS OFFERORS
  - COVERS DISALLOWABLES

# INCENTIVIZING CONTRACTORS - INDUSTRY PERSPECTIVE

## OTHER INCENTIVES

- NEED SIMPLE INCENTIVES
- TIMELY FUNDING MODIFICATIONS
- FLEXIBILITY
  - WORK EXPANSIONS
  - WORK CATEGORIES
- PAYMENTS EXPEDITED

# INCENTIVIZING CONTRACTORS - INDUSTRY PERSPECTIVE

## SMALL BUSINESS INCENTIVES

- **COMPLIANCE ENFORCEMENT ON LARGE BUSINESS FOR SB SUBCONTRACT PLAN DURING PERIOD OF PERFORMANCE**
  - FLOOR & GOALS
  - SMALL BUSINESS SUBCONTRACTING (34% OF \$) DOWN 4.7% IN 2002
- **INCREASE IMPORTANCE OF CRITERIA FOR SB SUBCONTRACTING “GOAL” (FLOOR) FOR SOURCE SELECTIONS**

# RECOMMENDATIONS FOR STIMULATING IMPROVED UTILIZATION OF SMALL BUSINESS IN LARGE PRIME CONTRACTS - INDUSTRY PERSPECTIVE

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- REQUIRE PRIMES TO SPECIFICALLY IDENTIFY THE ROLES, AND LEVEL OF EFFORT TO BE PERFORMED BY EACH SUBCONTRACTOR IN ALL PROPOSALS
- ALLOCATE A PORTION OF PRIMES FEE TO SMALL BUSINESS ACHIEVEMENT OF THE SUB-CONTRACTION GOAL - MUST BE MEANINGFUL
- MAKE SMALL BUSINESS PERCENTAGE PARTICIPATION A “REQUIREMENT” NOT A “GOAL”. IMPOSE PENALTIES ON THE PRIME IF THE PERCENTAGE IS NOT ACHIEVED IN EACH CONTRACT YEAR

# RECOMMENDATIONS FOR STIMULATING IMPROVED UTILIZATION OF SMALL BUSINESS IN LARGE PRIME CONTRACTS - INDUSTRY PERSPECTIVE

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- **ACTIVELY MONITOR PRIME'S EFFORT TO PROVIDE MEANINGFUL WORK TO THE SMALL BUSINESS ON A QUARTERLY BASIS; IDENTIFY DEFICIENCIES AND INSURE THAT CORRECTIVE ACTION BE COMPLETED**
- **MAKE ACTUAL SMALL BUSINESS UTILIZATION A MEANINGFUL PART OF PAST PERFORMANCE EVALUATION CRITERIA**